

Bachus: Regulators Must Enforce Illegal Internet Gambling Law

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UIGEA Continues To Be Needed To Protect America's Youth

WASHINGTON - Congressman Spencer Bachus, the top Republican on the Financial Services Committee, made the following statement during a full Committee hearing on illegal Internet gambling.

"As we all know, Chairman Frank and I approach this very differently. He wants to legalize Internet gambling and then tax it. On the other hand, I believe internet gambling is a threat to the youth of our country and any economic benefit from taxing internet gambling would be offset by harm it causes our young people. Borrowing and gambling our way to prosperity will not work.

"Internet gambling's characteristics are unique: online players can gamble 24 hours a day, 7 days a week from home; children may play without sufficient age verification; and betting with a credit card can undercut a player's perception of the value of cash, leading to addiction, bankruptcy and crime. Young people are particularly at risk because if you put a computer in the bedroom or dorm room of a young person, it's a temptation that many fall prey to. It is simply asking too much of young people that they resist this temptation.

"For more than a decade, I have worked to combat Internet gambling. It had always been illegal in the United States, but no one could enforce the law because the casinos were offshore, far removed from the long arm of the Justice Department. In a nation of laws, it only makes sense to try to put these illegal criminal enterprises out of business, not reward them. Congress took a major step toward achievement of this goal with the passage in 2006 of the Unlawful Internet Gambling Enforcement Act (UIGEA).

"Mr. Chairman, I am particularly dismayed that the Treasury Department and the Federal Reserve announced last week that they are delaying the implementation of this law another six months. These regulations should have been finalized and implemented more than two years ago. Mr. Chairman, Treasury's and the Fed's explanation of their feet-dragging has been inadequate in every way. They, as well as the Justice Department, should be here testifying today.

"Their absence is particularly egregious in light of the letter I received from the FBI on November 13. Without objection, I

would like to submit that letter for the record now. In the letter, the FBI warns that technology exists to facilitate undetectable manipulation of online poker games. The FBI warns that technology can be used in peer-to-peer games to illicitly transfer ill-gotten gains from one person to another. And the FBI rejects claims from vendors who say that they can validate age and location.

"Before UIGEA, offshore Internet casinos were proliferating, raking in more than \$6 billion illegally from Americans every year. If Congress repeals the law, online casinos will be ubiquitous. In the next five years, Chairman Frank, I feel that if you are successful in creating a federal right to gamble on the internet, we will create a generation of tens of millions of Americans who from their youth will be addicted to Internet Gambling and, therefore, life-long problem gamblers. Gamblers will be able to place bets not only on their home computers, but also from their Blackberries as they drive home from work or their iPhones as they wait in line at the grocery store. One company has already developed iPhone gambling software and plans to release it whenever the law is reversed. I will do everything I can to make sure this never happens.

"Supporters of legalization argue that prohibition has sent Internet gambling underground and left the vulnerable unprotected. But that was the case before UIGEA. The vulnerable were unprotected because companies that tapped the American market violated our law and its protections. No amount of regulation can begin to protect against this particularly predatory intrusion into American homes. No approach to blocking Internet gambling will ever be perfect, but UIGEA is our best bet."

NOTE: Click [here](#) to view video of Ranking Member Bachus' remarks.

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